

WHAT IS CLAIMED IS:

1. A method for creating investment securities, the method comprising:
analyzing risk elements associated with interest-rate derivative and mortgage
pool components;
structuring, based on the result of analyzing the interest-rate derivative and
mortgage pool components, one or more classes of securities, at least one class being
backed by the interest-rate derivative and mortgage pool components in combination;
and
issuing the structured securities.
2. A method according to claim 1, wherein the interest-rate derivative
components comprise at least one exchange of cash flows backed by one or more
mortgage pools for cash flows that are not mortgage-backed, the structuring step
combining the non mortgage-backed cash flows with cash flows backed by one or more
mortgage pools.
3. A method according to claim 1, wherein the structuring step comprises
adjusting cash flow characteristics of the structured classes of securities.
4. A method according to claim 1, wherein the structuring step comprises
allocating principal, interest, and other cash flows from the interest-rate derivative and
the mortgage pool components to the structured classes of securities.
5. A method according to claim 4, wherein the structuring step further
comprises adjusting the principal and interest cash flow characteristics of the structured
classes of securities based on the result of analyzing the risk elements of the interest-
rate derivative and mortgage pool components.
6. A method according to claim 1, wherein at least one of the structured
classes of securities has floating interest rate characteristics.

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7. A data processing system, comprising:
a risk analysis and planning module that analyzes risk elements of interest-rate derivative and mortgage pool components, develops plans for structuring securities based on selected components, and adopts optimal plans;
a deal structure module that validates each adopted plan and initializes files for the securities to be issued under each validated plan; and
an administration module for administering the securities issued under each plan validated and initialized by the deal structure module.

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8. A data processing system according to claim 7, wherein the risk analysis and planning module comprises an asset pool prepayment model that projects cash flows of a mortgage asset account based on prepayment rate parameters and asset type data provided as input from a user.

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9. A data processing system according to claim 8, wherein the risk analysis and planning module further comprises a pool planning and stress process module that processes projected cash flows from the asset pool prepayment model and determines whether the projected cash flows are sufficient to meet predetermined payment obligations.

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10. A data processing system according to claim 9, wherein the risk analysis and planning module further comprises a class structuring process module that evaluates derivatives for a proposed plan based on data from the pool planning and stress process module and a derivatives model.

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11. A computer program product for creating investment securities, the computer program product comprising computer-readable media having computer-readable code, the computer program product comprising the following computer-readable program code for effecting actions in a computing platform:

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program code for analyzing risk elements associated with interest-rate derivative and mortgage pool components; and

program code for structuring, based on the result of analyzing the interest-rate derivative and mortgage pool components, one or more classes of securities, at least one class being backed by the interest-rate derivative and mortgage pool components in combination.

12. A computer program product according to claim 11, wherein the interest-rate derivatives comprise at least one exchange of cash flows backed by one or more mortgage pools for payments that are not mortgage-backed, the program code for structuring comprising program code for combining the non mortgage-backed payments with other cash flows backed by one or more mortgage pools.

13. A computer program product according to claim 11, wherein the program code for structuring comprises program code for adjusting cash flow characteristics of the structured classes of securities.

14. A computer program product according to claim 11, wherein the program code for structuring comprises program code for allocating principal, interest and other cash flows from the interest-rate derivative and mortgage pool components to the structured classes of securities.

15. A computer program product according to claim 14, wherein the program code for structuring further comprises program code for adjusting the principal and interest cash flow characteristics of the structured classes of securities based on the result of analyzing the risk elements.

16. A method of creating investment securities by combining mortgage securities with interest-rate derivative securities comprising the steps of:
analyzing risk elements associated with the interest-rate derivative and the mortgage securities components;

structuring, based on the result of analyzing the interest-rate derivative and mortgage securities components, one or more classes of securities, at least one class being backed by the interest-rate derivative and mortgage securities components in combination; and

5 issuing the structured securities.

17. The method of claim 16, wherein the interest-rate derivative comprises at least one exchange of cash flows backed by one or more mortgage securities for cash flows that are not backed by mortgage securities, the structuring combining the non-
10 mortgage securities cash flows with other cash flows backed by one or more mortgage securities

18. The method of claim 16, wherein the structuring comprises adjusting cash flow characteristics of the structured classes of securities

19. The method of claim 16, wherein the structuring comprises allocating principal, interest, and other cash flows from the interest-rate derivative and the mortgage pool components to the structured classes of securities.

20. The method of claim 19, wherein the structuring further comprises adjusting the principal and interest cash flow characteristics of the structured classes of securities based on the result of analyzing the risk elements of the interest-rate derivative and mortgage securities components.

21. A method according to claim 16, wherein at least one of the structured classes of securities has floating interest rate characteristics.

22. The method of claim 16, wherein cash flows move both to and from the structured classes of securities.

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23. The method of claim 16, wherein the mortgage securities comprise at least one Real Estate Mortgage Investment Conduit (REMIC).

24. The method of claim 16, wherein the mortgage securities comprise at least one Financial Asset Securitization Investment Trust (FASIT).

25. The method of claim 16, wherein the mortgage securities comprise at least one multiple-class mortgage cash flow security.

26. The method of claim 16, wherein the mortgage securities comprise at least one collateralized mortgage obligation.

27. A method of adding value to mortgage-backed securities comprising:
identifying one or more mortgage securities;
identifying one or more pools of interest-rate derivatives;
analyzing risk elements associated with cash flows coming from the one or more mortgage securities and the one or more pools of interest-rate derivatives;
strategically allocating cash flows from the one or more mortgage securities and cash flows from the one or more pools interest-rate derivatives to create classes of investment securities with a plurality of investment characteristics which define a new set of investment securities, at least one class being backed by the interest-rate derivative and mortgage securities pools in combination; and
issuing the new set of investment securities.

28. The method of claim 27 wherein the one or more mortgage securities have floating rate (FLT) and inverse floating rate (INV) classes and the FLT and INV classes are exchanged for cash flows from a derivative contract.

29. The method of claim 28 wherein the derivative contract comprises an exchange of fixed rate cash flows from the mortgage securities for variable rate cash flows from the derivative contract.

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30. The method of claim 28 wherein cash flows move both to and from the FLT and INV classes.

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31. An investment security comprising:

cash flows coming from mortgage pool components; and
cash flows coming from derivative components,

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wherein the cash flows from mortgage pool components and the cash flows from derivative components are allocated into tranches, whereby the value of the investment security is optimized compared to that which would have been realized by securitizing cash flows coming from mortgage pool components alone.

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32. The investment security of claim 31 wherein the cash flows coming from mortgage pool components comprise cash flows coming from a Real Estate Mortgage Investment Conduit (REMIC).

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33. The investment security of claim 31 wherein the cash flows coming from mortgage pool components comprise cash flows coming from a Financial Asset Securitization Investment Trusts (FASIT).

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34. The investment security of claim 31 wherein the cash flows coming from mortgage pool components comprise cash flows coming from a multiple-class mortgage cash flow security.

35. The investment security of claim 31 wherein the cash flows coming from mortgage pool components comprise cash flows coming from a collateralized mortgage obligation.

36. The investment security of claim 31 wherein the derivative components comprise swaps.

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37. The investment security of claim 36 wherein the swaps comprise fixed rate for floating rate interest rate swaps.

5 38. The investment security of claim 36 wherein the swaps comprise financial index swaps.

39. The investment security of claim 31 wherein the derivative components comprise call options on mortgage-backed securities.

10 40. The investment security of claim 31 wherein the derivative components comprise put options on mortgage-backed securities.

15 41. The investment security of claim 31 wherein the derivative components comprise caps.

42. The investment security of claim 31 wherein the derivative components comprise floors.

20 43. The investment security of claim 31 wherein the derivative components comprise collars.

44. The investment security of claim 31 wherein the derivative components comprise corridors.

25 *Int R4* 45. A system for creating investment securities which are at least partially backed by mortgage pool components comprising:

a risk analysis and planning module that analyzes risk elements of interest-rate derivative and mortgage pool components, develops plans for structuring securities based on selected components from the interest-rate derivative and mortgage pool components, and adopts optimal plans;

a deal structure module that validates each adopted plan and causes the securities to be issued under each validated plan; and

an administration module for administering the securities issued under each plan validated and initialized by the deal structure module.

46. A system for creating investment securities according to claim 45, wherein the risk analysis and planning module comprises an asset pool prepayment model that projects cash flows of a mortgage asset account based on prepayment rate parameters and asset type data provided as input from a user.

47. A system for creating investment securities according to claim 46, wherein the risk analysis and planning module further comprises a pool planning and stress process module that processes projected cash flows from the asset pool prepayment model and determines whether the projected cash flows are sufficient to meet predetermined payment obligations.

48. A system for creating investment securities according to claim 47, wherein the risk analysis and planning module further comprises a class structuring process module that evaluates derivatives for a proposed plan based on data from the pool planning and stress process module and a derivatives model.

Added as

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